





SB 1440 IMPLEMENTATION

12/06/2019 Workshop





What Does "Cost-Effectiveness" for SLCP/GHG Reductions Mean?

- » Cost-effectiveness is a relative measure
- » Under AB 32, cost-effectiveness means the relative cost per metric ton of various GHG reduction strategies, which is the traditional cost metric associated with emission control \$25/MT (2017 Scoping Plan table 10)
- » Social Cost of Methane \$1200/MT (2019 IWG)
- » Leak Abatement Best Practices \$26 to \$981/MT
- » 2016 LAO Report showing estimated average cost per ton of reduction for various AB 32 measures from \$4 to \$725/MT





Potential Drivers of "Cost-Effectiveness" for SLCP/GHG Reductions

- » Variability in project costs that impact RNG cost
 - Existing/Expanded Projects vs New Projects
 - Proximity to existing pipeline network
- » What level of CO2e emissions reduced (Carbon Intensity pathways)
- » Biomethane exemption from Cap-and-Trade compliance will provide added benefits and increase costeffectiveness over time
- » Adopting state policies (e.g. procurement goals) to promote biogas from organic waste would provide a strong durable market signal to industry, agencies, and investors. (2017 SLCP Reduction Plan)





Goal Development

Amount & Date

Define RG: Dairy, Landfill, WWTP, Diverted Organic, Syngas, Methanated Hydrogen, Hydrogen

Eligible Source(s) - In-state % mandate, out-of-state % to contain prices

Quantify achieving SB 1383 (40% reduction in SLCPs) and SB 32 goals (Decarbonizing heating loads)





Other Items for Consideration



Benefit of long-term contracts

Off ramps/Cost controls

Interconnection
Incentives/Ratebase

Cap-and-Trade Allocations Authority to Buy and Sell Credits

Green Attribute Accounting/Verification Incremental Supply



